



House of Representatives

General Assembly

File No. 113

January Session, 2015

House Bill No. 6403

House of Representatives, March 19, 2015

The Committee on Banking reported through REP. LESSER of the 100th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING SECURITY FREEZES ON CHILDREN'S CREDIT REPORTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 36a-701a of the general statutes is repealed and
2 the following is substituted in lieu thereof (*Effective October 1, 2015*):

3 (a) Any consumer may submit a written request, by certified mail or
4 such other secure method as authorized by a credit rating agency, to a
5 credit rating agency to place a security freeze on such consumer's
6 credit report. Such credit rating agency shall place a security freeze on
7 a consumer's credit report not later than five business days after
8 receipt of such request. Not later than ten business days after placing a
9 security freeze on a consumer's credit report, such credit rating agency
10 shall send a written confirmation of such security freeze to such
11 consumer that provides the consumer with a unique personal
12 identification number or password to be used by the consumer when
13 providing authorization for the release of such consumer's report to a
14 third party or for a period of time.

15 (b) In the event such consumer wishes to authorize the disclosure of
16 such consumer's credit report to a third party, or for a period of time,
17 while such security freeze is in effect, such consumer shall contact such
18 credit rating agency and provide: (1) Proper identification, (2) the
19 unique personal identification number or password described in
20 subsection (a) of this section, and (3) proper information regarding the
21 third party who is to receive the credit report or the time period for
22 which the credit report shall be available. Any credit rating agency that
23 receives a request from a consumer pursuant to this section shall lift
24 such security freeze not later than three business days after receipt of
25 such request.

26 (c) Except for the temporary lifting of a security freeze as provided
27 in subsection (b) of this section, any security freeze authorized
28 pursuant to the provisions of this section shall remain in effect until
29 such time as such consumer requests such security freeze to be
30 removed. A credit rating agency shall remove such security freeze not
31 later than three business days after receipt of such request provided
32 such consumer provides proper identification to such credit rating
33 agency and the unique personal identification number or password
34 described in subsection (a) of this section at the time of such request
35 for removal of the security freeze.

36 (d) Any credit rating agency may develop procedures to receive and
37 process such request from a consumer to temporarily lift or remove a
38 security freeze on a credit report pursuant to subsection (b) of this
39 section. Such procedures, at a minimum, shall include, but not be
40 limited to, the ability of a consumer to send such temporary lift or
41 removal request by electronic mail, letter or facsimile.

42 (e) In the event that a third party requests access to a consumer's
43 credit report that has such a security freeze in place and such third
44 party request is made in connection with an application for credit or
45 any other use and such consumer has not authorized the disclosure of
46 such consumer's credit report to such third party, such third party may
47 deem such credit application as incomplete.

48 (f) Any credit rating agency may refuse to implement or may
49 remove such security freeze if such agency believes, in good faith, that:
50 (1) The request for a security freeze was made as part of a fraud that
51 the consumer participated in, had knowledge of, or that can be
52 demonstrated by circumstantial evidence, or (2) the consumer credit
53 report was frozen due to a material misrepresentation of fact by the
54 consumer. In the event any such credit rating agency refuses to
55 implement or removes a security freeze pursuant to this subsection,
56 such credit rating agency shall promptly notify such consumer in
57 writing of such refusal not later than five business days after such
58 refusal or, in the case of a removal of a security freeze, prior to
59 removing the freeze on the consumer's credit report.

60 (g) Nothing in this section shall be construed to prohibit disclosure
61 of a consumer's credit report to: (1) A person, or the person's
62 subsidiary, affiliate, agent or assignee with which the consumer has or,
63 prior to assignment, had an account, contract or debtor-creditor
64 relationship for the purpose of reviewing the account or collecting the
65 financial obligation owing for the account, contract or debt; (2) a
66 subsidiary, affiliate, agent, assignee or prospective assignee of a person
67 to whom access has been granted under subsection (b) of this section
68 for the purpose of facilitating the extension of credit or other
69 permissible use; (3) any person acting pursuant to a court order,
70 warrant or subpoena; (4) any person for the purpose of using such
71 credit information to prescreen as provided by the federal Fair Credit
72 Reporting Act; (5) any person for the sole purpose of providing a credit
73 file monitoring subscription service to which the consumer has
74 subscribed; (6) a credit rating agency for the sole purpose of providing
75 a consumer with a copy of his or her credit report upon the consumer's
76 request; or (7) a federal, state or local governmental entity, including a
77 law enforcement agency, or court, or their agents or assignees
78 pursuant to their statutory or regulatory duties. For purposes of this
79 subsection, "reviewing the account" includes activities related to
80 account maintenance, monitoring, credit line increases and account
81 upgrades and enhancements.

82 (h) The following persons shall not be required to place a security
83 freeze on a consumer's credit report, provided such persons shall be
84 subject to any security freeze placed on a credit report by another
85 credit rating agency: (1) A check services or fraud prevention services
86 company that reports on incidents of fraud or issues authorizations for
87 the purpose of approving or processing negotiable instruments,
88 electronic fund transfers or similar methods of payment; (2) a deposit
89 account information service company that issues reports regarding
90 account closures due to fraud, substantial overdrafts, automated teller
91 machine abuse, or similar information regarding a consumer to
92 inquiring banks or other financial institutions for use only in reviewing
93 a consumer request for a deposit account at the inquiring bank or
94 financial institution; or (3) a credit rating agency that: (A) Acts only to
95 resell credit information by assembling and merging information
96 contained in a database of one or more credit reporting agencies; and
97 (B) does not maintain a permanent database of credit information from
98 which new credit reports are produced.

99 (i) A credit rating agency may charge a fee of not more than ten
100 dollars to a consumer for each security freeze, removal of such freeze
101 or temporary lift of such freeze for a period of time, and a fee of not
102 more than twelve dollars for a temporary lift of such freeze for a
103 specific party.

104 (j) The parent or legal guardian of a minor child may place a
105 security freeze on the credit report of a minor child by: (1) Submitting a
106 written request to the credit rating agency in the manner described in
107 this section and subject to the same conditions, and (2) providing the
108 credit rating agency with (A) proper identification, and (B) sufficient
109 proof of authority to act on behalf of the minor child. For purposes of
110 this subsection, "sufficient proof of authority" means documentation
111 showing that a parent or legal guardian has authority to act on behalf
112 of a minor child, including, but not limited to, a court order, a written
113 notarized statement signed by the parent or legal guardian that
114 expressly describes that authority of the parent or legal guardian to act
115 on behalf of the minor child or a certified or original copy of the minor

116 child's birth certificate.

117 [(j)] (k) An insurer, as defined in section 38a-1, may deny an
118 application for insurance if an applicant has placed a security freeze on
119 such applicant's credit report and fails to authorize the disclosure of
120 such applicant's credit report to such insurer pursuant to the
121 provisions of subsection (b) of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2015	36a-701a

BA *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill concerns transactions between private entities and individuals and results in no fiscal impact to the state or municipalities.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**HB 6403*****AN ACT CONCERNING SECURITY FREEZES ON CHILDREN'S CREDIT REPORTS.*****SUMMARY:**

This bill allows a minor's parent or legal guardian to place a security freeze on the minor's credit report. To do so, the parent or guardian must provide the credit rating agency with:

1. a written request by certified mail or other secure method authorized by the rating agency and
2. proper identification and sufficient proof of authority to act for the minor, such as a court order, written notarized statement signed by the parent or guardian expressly describing his or her authority to act, or a certified or original copy of the minor's birth certificate.

EFFECTIVE DATE: October 1, 2015

BACKGROUND***Security Freezes***

The law allows a consumer to request that a credit rating agency place a security freeze on his or her credit report. A freeze prohibits the agency from releasing information in the credit report without the consumer's express authorization. The agency provides the consumer with a personal identification number that the consumer can use to authorize (1) release of his or her report for a period of time or a specific purpose or (2) termination of the freeze.

Credit rating agencies may charge up to \$10 for a freeze, removal of one, or temporarily lifting one. They may charge up to \$12 to

temporarily lift a freeze for a specific party.

COMMITTEE ACTION

Banking Committee

Joint Favorable

Yea 17 Nay 0 (03/05/2015)